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November 25, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed an initial followup of the Arizona Game and Fish Commission, Department, and Director regarding the implementation status of the 50 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in December 2013 (Auditor General Report No. 13-15). As the attached grid indicates:

- 8 have been implemented;
- 38 are in the process of being implemented; and
- 4 are not yet applicable.

Our Office will conduct an 18-month followup with the Department on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Robert E. Mansell, Chair
Arizona Game and Fish Commission

Larry D. Voyles, Director
Arizona Game and Fish Department

**Arizona Game and Fish Commission,
Department, and Director
Auditor General Report No. 13-15
Initial Follow-Up Report**

Recommendation	Status/Additional Explanation
Finding 1: Commission and Department should ensure prudent stewardship of public resources	
1.1 The Department should immediately finalize and implement changes to its policies and procedures for its Special Operations Unit.	Implemented at 12 months
1.2 The Department should enhance its travel procedures by establishing additional guidelines for managerial decision-making about travel, such as how to determine which conferences, trainings, or other travel are deemed essential to the Department, how many department representatives should attend, and whether using state vehicles or reimbursing employees for miles driven is more cost-effective.	Implementation in process The Department has revised its travel policy and procedures to include additional guidance for decisions regarding travel, including requiring an out-of-state travel evaluation form to determine whether a travel request is in the State's best interest and whether other more cost-effective alternatives exist. According to the Department, it is finalizing the training for its revised travel policy and procedures.
1.3 The Department should work with the Commission to regularly consider ways to help limit travel costs associated with its commission meetings.	Implementation in process The Department has developed guidelines to consider ways to help limit travel costs associated with its commission meetings and has included such guidelines in their Commission Meeting Attendance policy. Auditors will follow up at 18 months to ensure that the Department is working with the Commission to regularly consider its guidelines to help limit travel costs associated with its commission meetings.
1.4 The Department should enhance and implement its July 2013 wireless device policy. Specifically, the Department should: <ul style="list-style-type: none"> a. Ensure that all employees who are provided wireless devices sign user agreements as its July 2013 policy requires; b. Implement its policy requiring supervisors to check bills for appropriate use. In doing so, the Department should establish a mechanism for supervisors to demonstrate that they have checked the appropriate use of the devices before the bill is paid; 	Implemented at 12 months Implementation in process The Department has finalized its policy requiring supervisors to check bills for appropriate use. In addition, the Department has developed additional procedures for supervisors to demonstrate that they have checked the appropriate use of the devices before the bill is paid. Auditors will follow up at 18 months to ensure the Department is implementing these procedures through its monthly review of the wireless device bill.

Recommendation

Status/Additional Explanation

- c. Enhance its wireless device policy referencing the State's wireless devices policy to ensure employees are aware they must comply with the policy, and incorporating more of the State's wireless devices policy into its own policy by adding more detailed guidance and criteria for determining when a wireless device is in the best interest of the State, such as when the employee's job requires considerable time outside the office, and by adding a more thorough description of appropriate business use; and
- d. Enhance its wireless device policy to include a written requirement for a more frequent assessment of unused cell phones and Internet access devices by adding this assessment into the policy's required monthly review of wireless plans.

Implementation in process

The Department has enhanced its wireless device policy to incorporate the State's wireless device policy and include more guidance from the State's policy to determine when a wireless device is in the Department's and/or State's best interest. Auditors will perform test work at 18 months to ensure the policies are followed.

Implementation in process

The Department has developed procedures requiring a monthly assessment of unused cell phones and Internet access devices. The Department finalized these procedures in July 2014. Auditors will follow up at 18 months to ensure the Department is implementing these procedures through its monthly review of the wireless device bill.

- 1.5 Once the Department has added more detailed guidance and criteria for determining when a wireless device is in the best interest of the State, it should review all positions that have a wireless device to ensure wireless devices are distributed only to those individuals meeting the established criteria.

Implemented at 12 months

- 1.6 The Department should develop and implement a policy and procedure for employee recognition gifts, including retirement plaques. This policy and procedure should include guidance on how to determine and document the public purpose of employee gifts, and an explanation showing that the cost of such a gift does not outweigh the benefit to the public.

Implementation in process

The Department has drafted a new policy for its employee Awards and Recognition Program, incorporating elements from the State's Employee Recognition Guidelines. The Department anticipates it will finalize its policy in November 2014.

- 1.7 The Department should provide additional training. Specifically, the Department should train department staff and commissioners on:

- a. The importance of the Department's policies and procedures and strong control environment;
- b. Their responsibilities toward ensuring proper stewardship of public monies; and

Implementation in process

The Department is in the process of developing a Computer-Based Training module regarding the importance of department policies and procedures and a strong control environment and reported it will begin training its staff in December 2014.

Implementation in process

The Department is in the process of developing a Computer-Based Training module regarding staff and commissioners' responsibility toward ensuring the proper stewardship of public monies, and according to the Department, it will begin training its staff in December 2014.

Recommendation

Status/Additional Explanation

- c. New or enhanced policies and procedures, such as those related to the Special Operations Unit, travel, wireless device usage and monitoring, and employee recognition gifts.

Implementation in process

The Department has provided some training to staff regarding new or enhanced policies and procedures related to the Special Operations Unit. According to the Department, it will also develop and implement a Computer-Based Training module that will incorporate the Department's updated wireless device, travel, and employee recognition policies and will begin training staff in December 2014.

- 1.8 The Department should increase its oversight of expenditures by ensuring that its internal audit schedule regularly includes those areas most vulnerable to fraud or abuse, and where the Department has established new or enhanced procedures, including areas such as travel, wireless devices, and the Special Operations Unit's enhanced procedures.

Implementation in process

The Department has included areas that auditors recommended, such as travel, wireless devices, and the Special Operations Unit, in its internal audit schedule for fiscal year 2015. Auditors will follow up at 18 months to assess whether the Department has conducted audits in these areas.

- 1.9 The Department should develop a cost allocation policy and procedures for how to allocate general agency costs among its restricted funds.

Implementation in process

The Department has developed a cost allocation policy and individual fund procedures to explain how to allocate general agency costs among its restricted funds. However, the cost allocation policy is missing some important specifications, such as what percentage will be used when allocating and reverting monies to a fund. Additionally, other steps within the policy are not clear.

- 1.10 Once this cost allocation method is developed, the Department should train staff on this method.

Not yet applicable

This recommendation will not be applicable until the Department fully develops and implements its cost allocation policy (see explanation for recommendation 1.9).

Finding 2: Process for issuing big game hunting permits could be improved

2.1 The Department should continue its efforts to move toward an all-online application system. Specifically, the Department should:

a. Develop and implement ways to encourage applicants to apply for the draw online;

Implementation in process

The Department has developed several press releases that encourage applicants to use its online applications for the draw and also reported it has eliminated an online convenience fee. In addition, the Department is in the process of developing a new customer portal, which it plans to implement in January 2015. According to the Department, this new customer portal will make online experiences more inviting and encourage applicants to buy licenses and apply for the draw online.

b. Develop and implement a plan to help applicants who cannot apply online;

Not yet applicable

The Department reported that it is focusing first on developing ways to encourage people to apply online (see recommendation 2.1a). Then, in calendar year 2015, it plans to evaluate options for helping applicants who cannot apply online and reported that recommended actions will be implemented by January 2016.

c. Address past problems with the online application to ensure that it can fully support an all-online application; and

Implementation in process

The Department reported that it implemented a new online license sales and draw system in December 2013. According to the Department, it used the new system to process online applications for the elk and antelope draw in 2014, and the new system handled record amounts of activity with no problems. According to the Department, it no longer uses the services of an outside contractor for its license sales and draw system, and its staff are now entirely responsible for overseeing the system. Additionally, the Department has implemented real-time operations monitoring consoles on the system and reported that it is using information from these consoles to assess the need for additional hardware to increase load-handling capability if necessary. However, the Department did not provide activity information for auditors to determine whether the activity level approached the system's capabilities, so auditors will follow up with the Department at 18 months.

d. Seek commission approval, as necessary, to modify its administrative rules to specify the ways in which applicants can submit their applications for the draw.

Not yet applicable

The Department reported that it plans to move to an all-online application system in January 2016.

Recommendation

Status/Additional Explanation

2.2 The Department should modify its online application system to require applicants to apply using a single department ID number and should provide a mechanism for applicants to retrieve their ID number or use an alternate number, such as their driver's license number, if they forgot their department ID number.

Implementation in process

The Department is in the process of developing a new customer portal, which it plans to implement in January 2015. According to the Department, a user's department identification number will be associated with the user's login and password for the portal. Additionally, the Department reported that the portal will allow users to access their account with three of the four following pieces of information: last name, identification number, birth date, and zip code.

2.3 The Department should increase its efforts to verify an applicant's residency and, as necessary, seek commission approval of its methods.

Implementation in process

According to the Department, in January 2014, it assigned one of its law enforcement officers to a temporary, year-long license fraud detection detail. The Department reported that the investigator formed partnerships with wildlife agencies in Colorado, Idaho, New Mexico, Oregon, and Wyoming to compare the Department's resident hunter database to those from these other states. As a result of this effort, the Department reported that in the last year, it has identified more than 90 people suspected of committing license fraud in Arizona and these other states. According to the Department, in December 2014, it will evaluate the effectiveness of the temporary year-long detail to determine if a permanent full-time fraud investigator is warranted. Auditors will follow up with this recommendation at 18 months.

2.4 The Department should do more testing after the draw to better ensure that the draw functioned as intended and that the draw results comply with statutes and administrative rules. Specifically, the Department should enhance its testing guidelines to include:

- a. Steps to verify that tags awarded in the first round went first to those applications with the most bonus points, as required by administrative rule; and
- b. Steps to select and review a sample of applicants to test that the applications were successfully processed at each step of the draw process and that the draw results were what would be expected.

Implemented at 12 months

Implementation in process

The Department is taking additional steps to better ensure that the draw is functioning properly, including ensuring that a sample of paper applications were successfully processed during application processing; however, it has not begun following a sample of applications all the way through the draw process. Further, the Department has not developed guidelines that document the steps it is taking to ensure that applications are successfully processed at each step of the draw process.

Recommendation**Status/Additional Explanation**

2.5 To identify patterns of problems and potential areas for improvement in the draw, the Department should:

a. Develop and implement a mechanism to track complaints related to the draw that its customer service staff receive or that are submitted through its Web site or other sources, such as its ombudsman;

b. Develop and implement a process for periodically assessing the draw complaints received by its customer service staff, or through its Web site or other sources, such as its ombudsman, to identify areas where the Department may need to make changes to ensure that the draw process is meeting requirements and operating as intended; and

c. Train staff on this process.

Implementation in process

The Department has developed a plan to create a complaint-tracking database for the draw and other issues, and it estimated that it will begin using the database in October 2015. Additionally, the Department reported that it began formally tracking and compiling complaints regarding the draw during the 2014 elk and antelope draw. Further, as an interim step toward implementing this recommendation, the Department reported that it has developed an issues log for its information systems, and that it holds weekly staff meetings to add new items to the log and review items that have been resolved. However, the log contains complaint issues related to the Department's information systems but does not contain complaint issues related to the draw process in general. It also does not clearly distinguish between issues identified by customers and those identified by department staff. Therefore, the issues log may be limited as a mechanism for tracking customer complaints regarding the draw.

Implementation in process

The Department has developed a plan to create a complaint-tracking database for the draw and other issues, and it estimated that it will begin using the database in October 2015 (see explanation for recommendation 2.5a). The Department's plan includes a step to identify a regular review process for new complaints and develop a tracking system to identify trends and opportunities for improving department systems.

Not yet applicable

This recommendation cannot be implemented until recommendations 2.5a and 2.5b are completed.

Finding 3: Department should improve its information technology systems management processes

3.1 To improve systems development practices, the Department should develop and implement a formal SDLC methodology to help ensure all IT systems are developed and maintained consistent with IT standards and best practices. This methodology should include steps for IT system development including planning, analysis, selection, design, testing, implementation, and maintenance.

Implementation in process

The Department has developed a draft of an SDLC methodology that it plans to present to its staff once it has been finalized. However, the draft SDLC methodology document does not include all of the necessary components suggested by IT standards and best practices. Additionally, the document does not contain the level of detail necessary to guide staff in the system's development process.

Recommendation

Status/Additional Explanation

3.2 To strengthen change management practices, the Department should:

- a. Enhance its draft change management policy and develop change management procedures that are consistent with IT standards and best practices, by incorporating specific sequential steps, including testing and formal approval steps, and guidance on other areas such as roles and responsibilities of the person involved and how to classify and prioritize changes;
- b. Ensure changes to all key department systems, including systems that are not centrally managed, are tracked in its manual change management tracking mechanism, so that it is consistently tracking all changes;
- c. Require all changes to be adequately documented to include all necessary information such as prioritizations, approvals, testing plans, and implementation plans;
- d. Consistently maintain all documentation required for each change in a central location; and
- e. Develop a method, such as use of automated system change logs, to record all changes made directly to its systems and databases in order to enable monitoring of changes. In addition, the Department should regularly monitor its system change logs to identify unauthorized changes.

Implementation in process

The Department implemented a new change management policy and procedures as of June 18, 2014. However, the procedures do not include all of the components IT standards suggest or the level of detail necessary to direct staff in making changes to systems. The Department reported that it plans to implement additional procedures.

Implementation in process

The Department reported that it has begun to track changes in the systems that it manages in-house and plans to expand its change management policy and procedures to track changes in systems that are not centrally managed by December 2015. Auditors will follow up on this recommendation at 18 months.

Implementation in process

Although the Department documents most of the required information regarding changes, such as approvals, testing plans, and implementation plans, the documented information does not contain the details necessary to adequately manage and approve the change or ensure that proper controls are being applied throughout the process. In addition to lacking specific details, the Department's change document does not include each change's prioritized level.

Implementation in process

The Department indicated that it has established a central repository to maintain documentation for all changes, but this repository has not yet been used. Auditors will follow up on this recommendation at 18 months.

Implementation in process

According to the Department, it attempted to implement an automated system for logging changes in some of its systems, but the process was stopped because of problems with this system. The Department also indicated that it is researching other options and costs for using an automated system for logging changes. Until a new automated system is implemented, the Department has developed a manual procedure for documenting changes to its systems. However, the Department's procedure does not include steps for monitoring these changes.

Recommendation

Status/Additional Explanation

3.3 To ensure its IT contracts include important elements and that contracted service providers perform as required, the Department should develop and implement formal written policies and procedures for developing IT service provider contracts and overseeing IT service providers. These policies and procedures should require the following:

- a. IT service provider contracts or agreements include clearly defined roles, responsibilities, and requirements of both the service provider and Department, such as who is responsible for managing and monitoring access to the Department's systems and data;
- b. Continual monitoring and oversight processes be performed by either the Department or an independent source; and
- c. Before participating in state-wide contracts, the Department should determine whether these contracts cover all of its critical requirements, such as providing for the security of its systems and data. Specifically, the policies and procedures the Department develops and implements should require it to review state-wide contracts, and obtain and document additional clarification from the contractor as necessary to ensure all of its critical requirements will be met.

3.4 The Department should develop and implement formal written policies and procedures for backing up its systems and data according to state policy. Its policies and procedures should require the Department to:

- a. Back up its system and data periodically using a defined cycle based on the criticality of its business processes;

Implemented at 12 months

Implementation in process

The Department implemented a policy and procedure for developing and overseeing IT service provider contracts on April 17, 2014. Although the policy outlines a process for the project manager to monitor service provider performance, the policy lacks detailed procedures and criteria for department staff to use to assess the service provider's performance. In addition, the policies and procedures do not require staff to periodically assess the provider's performance and to discuss these results with the provider.

Implementation in process

Although the Department has developed policies and procedures for overseeing IT service provider contracts, it lacks a procedure that directs department staff to compare the state-wide contract to the Department's specific contract needs to ensure the state-wide contract can meet the Department's needs. According to the Department, it plans to develop additional procedures for considering whether state-wide contracts will meet their needs.

Implementation in process

The Department has developed a data backup and recovery policy and procedures. Although the policy and procedures outline a scheduled process for performing backups, there are no detailed procedures that would indicate which critical systems are to be backed up and the specific steps required to back up the systems' data. In addition, the policy and procedures lack a requirement to store data backups for its critical systems at an off-site storage location.

Recommendation

Status/Additional Explanation

- b. Further protect confidential information by using encryption technologies that would make the data unreadable to unauthorized users; and
- c. Test backups regularly to ensure successful recovery of the data.

Implementation in process

The Department's data backup and recovery policy and procedures require the encryption of all backup information; however, according to department staff, the Department has not yet implemented a process for encrypting the data backups and has not yet decided if it will implement this part of the policy because of cost considerations.

Implementation in process

The Department's data backup and recovery policy and procedures include a process for testing data backups to ensure data can be restored. This process has not yet been implemented, but the Department reported that it plans to perform backup testing by December 2014.

3.5 The Department should develop and implement a formalized disaster recovery plan consistent with IT standards and best practices. This plan should:

- a. Require the periodic review and update of the plan as necessary;
- b. Encompass all system and infrastructure components for which it is responsible, and address important elements such as regulatory and contractual requirements, and the Department's overall business-continuity needs;
- c. Require that the disaster recovery plan be tested on a regular basis so the Department can discover its strengths and weaknesses and update the plan based on the test's results;
- d. Explicitly state who is involved in the disaster recovery team and what their roles and responsibilities are, what systems are most critical, the order in which to recover systems, and any other pertinent information required to bring the infrastructure back up as quickly as possible; and

Implementation in process

The Department implemented a formalized disaster recovery plan in May 2014 and plans to update it annually, starting in June 2015. Auditors will follow up at 18 months to review the first update to the plan.

Implementation in process

The Department's disaster recovery plan contains some of the necessary components outlined by IT standards and best practices. However, the plan lacks information regarding IT infrastructure devices, detailed procedures for restoration of significant systems, and a thorough business impact analysis.

Implementation in process

According to the Department, it performed some disaster recovery system continuity tests in April 2014 with positive results. The Department indicated it will conduct additional testing of its disaster recovery plan as a part of some state-wide testing. Auditors will follow up on this recommendation at 18 months.

Implementation in process

The Department's disaster recovery plan includes some roles and responsibilities, identification of critical systems, and some vendor information for restoration of IT infrastructure. However, the plan is missing some vital information for recovery of infrastructure. For example, the plan lists the critical systems that need to be recovered, but does not identify the order in which these systems should be restored. The Department reported that it is further developing the roles and responsibilities within its disaster recovery plan and anticipates completing this in December 2014.

Recommendation	Status/Additional Explanation
<p>e. Require copies of its disaster recovery plan be in both digital and physical form that are also stored off-site.</p>	<p>Implemented at 12 months</p>
<p>3.6 The Department should continue its efforts to identify and develop IT policies and procedures around all critical IT areas.</p>	<p>Implementation in process According to the Department, it has established a team to continue developing IT policies and procedures around all critical IT areas. Because many of the policies and procedures are still in development, auditors will follow up on this recommendation at 18 months.</p>
<p>3.7 The Department should ensure that its formalized IT systems management and other IT policies and procedures are disseminated and communicated to necessary staff and that staff are adequately trained on these policies and procedures.</p>	<p>Implementation in process The Department has implemented a process for training staff on its new policies and procedures. After the training, the Department gives staff a week to review and sign their acknowledgment of the new procedures. However, because many policies and procedures are still being developed, auditors will follow up on this recommendation at 18 months.</p>
<p>Finding 4: Commission improving compliance with open meeting law</p>	
<p>4.1 The Department should continue its efforts to help ensure the Commission complies with the State's open meeting law by posting notices of commission meetings in the front counter areas of its Phoenix office and all of the regional offices.</p>	<p>Implemented at 12 months</p>
<p>4.2 The Department should develop and implement comprehensive procedures to help ensure the Commission's continued compliance with the State's open meeting law. These procedures should include who at the Department is responsible for overseeing compliance as well as for performing the various open meeting law tasks, such as:</p> <p>a. Posting an appropriate disclosure statement online;</p> <p>b. Posting electronic and hard copies of commission meeting notices and agendas 24 hours in advance;</p>	<p>Implemented at 12 months</p> <p>Implementation in process The Department has developed and implemented written procedures for posting electronic and hard copies of commission meeting notices and agendas 24 hours in advance of the meetings that include who at the Department is responsible for performing the tasks. However, it has not always followed the procedures. Specifically, the Department did not post on its Web site the meeting notice for one of the commission meetings held in April 2014. Auditors will follow up on this recommendation at 18 months to assess the Department's compliance with its policies and procedures.</p>

Recommendation**Status/Additional Explanation**

- c. Posting approved, written commission meeting minutes on the department Web site; and

Implementation in process

The Department has developed a written procedure requiring staff to post approved meeting minutes on the department Web site within 2 days of approval. As of August 2014, the Department had posted all of the approved meeting minutes for meetings held in calendar year 2014. However, department staff did not always post the meeting minutes within 2 days of approval, as required by the written procedure. Auditors will follow up on this recommendation at 18 months to assess the Department's compliance with its policies and procedures.

- d. Including all required elements in commission meeting minutes.

Implementation in process

Although the Department has improved the quality of its meeting minutes by including the required elements, the Department has not developed written procedures that identify what elements should be included in the minutes.
